

(EX "C")

DAKOTA

FRIDAY, APRIL 8, 2022 | bismarcktribune.com

SECTION B

# Oil exec to serve 3 years for fraud

## Shareholders lost nearly \$1 billion

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A former North Dakota oilfield executive whose false claims about his company's value resulted in more than \$886 million in shareholder losses has been sentenced to three years in federal prison and ordered to pay back \$406 million.

The government had asked for a 20-year sentence for 61-year-old Joseph Kostelecky before Tuesday's sentencing hearing.

Kostelecky, of Dickinson, served as the highest ranking U.S. executive for Poseidon Concepts Corp., a fluid storage tank supplier based in Calgary, Alberta. Investigators said he made misleading claims about the company's finances in order to inflate its stock price.

Specifically, Kostelecky was accused of reporting about \$100 million in revenue from long-term contracts that either didn't exist or that Poseidon Concepts couldn't have collected on. The company's stock plunged after the fraud was uncovered and it was forced into bankruptcy in 2013.

Kostelecky pleaded guilty in October to one count each of wire fraud and securities fraud.

Prosecutors had sought a 20-year prison term and that Kostelecky be ordered to repay \$430 million. They said the punishment would account for the "extent and magnitude" of criminal activity that resulted in "devastating consequences." It would also be consistent with sentences given to defendants in similar situations, they said.

The defense's sentencing